### BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION	)	
OF AVISTA CORPORATION FOR	)	CASE NO. AVU-E-01-16
APPROVAL OF SCHEDULE 95, OPTIONAL	)	
WIND POWER RATE	)	

# COMMENTS OF IDAHO RIVERS UNITED AND THE LAND AND WATER FUND OF THE ROCKIES ON THE AVISTA CORPORATION OPTIONAL WIND POWER RATE

Idaho Rivers United (IRU) is a statewide river conservation group with over 1600 members. The Land and Water Fund of the Rockies (the LAW Fund) is a nonprofit conservation organization promoting increased reliance upon renewable energy in the Intermountain West.

Supplying wind power to Idaho is an important way to diversify Idaho's power base, providing greater reliability and reducing the environmental impact of energy production. Avista's proposal for an optional wind power rate is a great first step towards diversifying Idaho's power base.

IRU and the LAW Fund hope that Avista will work to develop Idaho-based wind power resources. Thus, the optional wind power rate program should be approved with the understanding that Avista will aggressively pursue development of its own wind power sources in Idaho. This will not only bring the environmental benefits of the program home to Idaho, it will also help alleviate some of the energy supply issues we are facing. We believe this will be much more attractive to Idaho rate payers.

IRU and the LAW Fund also hope that Avista will work towards acquiring renewable energy resources as part of its rate-based portfolio. Voluntary programs are a good first start, but they are no substitute for integrating renewable energy into the base energy supply.

#### Rate Structure

IRU and the LAW Fund support the rate structure proposed by Avista. The most successful green power programs involve charging a set price for a defined amount of power. Avista has proposed such a program by setting the price at \$1 per 55/kWh. However, we would like to see a higher minimum purchase requirement.

We would also like to see customer participation tied to average electricity usage. As it is currently written, any customer may choose to participate at any financial level they choose. Thus, a large industrial customer may participate at the same level as a small residential customer even though as a percentage of their power bills, the amount of participation is vastly different.

### Marketing

Avista's filing provides little detail on how the company intends to market the wind program. Avista must engage in a concerted effort to market this program to its customers. Studies show that the quality of marketing efforts has a significant impact on the percentage of customers who sign up for green pricing programs.<sup>1</sup> In order to make this program work, Avista must make clear, appropriately funded and specific commitments to make it work.

The filing indicates that Avista will market to customers most likely to use the program through "targeted communications." We support savvy, cost-effective marketing strategies. However, we would caution Avista not to target communications so narrowly as to miss customers who may be interested in the program. In addition to any targeted marketing, Avista must at minimum notify *all* ratepayers of the program when opening an account, through bill stuffers or direct mailings twice a year, and through Avista's website. Avista should also work to gain media attention for the program, which provides a free medium for public information.

In addition to the highly educated customers that Avista proposed to target, it should also target non-residential customers. Targeting non-residential customers can be a good way to leverage marketing efforts. If high profile commercial clients sign up, they may choose to advertise that fact, in effect providing free advertising for the green power program. Non-residential customers can also purchase much larger blocks of green power.<sup>2</sup>

## Reporting

The PUC should require annual year-end reports from Avista on the wind power program. This should include the total number of customers signed up and the number signed up each year, the total blocks purchased through the program, the number of kWh bough or generated, the amount of money spent on marketing and a description of marketing efforts undertaken.

### IV. Conclusion

IRU and the LAW Fund are pleased that Avista has taken the initiative to offer green energy to its customers. This proposal is a good first step towards bringing green power to Avista's customers. We have every wish to see the wind power program succeed, and hope to work with Avista to make that happen. With effective marketing efforts, this could be a truly successful program.

January 22, 2002
For Idaho Rivers United and the LAW Fund,
Sara Denniston Eddie

<sup>&</sup>lt;sup>1</sup> "Customer Choice and Green Power Marketing in the United States: How Far Can it Take Us?" Ryan Wiser & Mark Bolinger, Lawrence Berkeley National Laboratory, and Edward Holt, Ed Holt & Associates, Inc. <sup>2</sup> Id.